

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 17-267

Organization: New York Mercantile Exchange, Inc (“NYMEX”)

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 06/27/17 Filing Description: Amendments to Option Exercise and Termination of Trading Rules of Six (6) Coal Option Contracts

**SPECIFY FILING TYPE**

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

**Rule Numbers:**

**New Product**

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

**Product Terms and Conditions (product related Rules and Rule Amendments)**

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- “Non-Material Agricultural Rule Change” § 40.4(b)(5)
- Notification § 40.6(d)

Official Name(s) of Product(s) Affected: See filing.

Rule Numbers: See filing.

June 27, 2017

**VIA ELECTRONIC PORTAL**

Mr. Christopher J. Kirkpatrick  
 Office of the Secretariat  
 Commodity Futures Trading Commission  
 Three Lafayette Centre  
 1155 21st Street, N.W.  
 Washington, D.C. 20581

**Re: CFTC Regulation 40.6(a) Certification. Notification Regarding Amendments to Option Exercise and Termination of Trading Rules of Six (6) Coal Option Contracts. NYMEX Submission No. 17-267**

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) hereby notifies the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it will amend the Option Exercise and Termination of Trading rules (the “Rule Amendments”) of the six (6) coal option contracts (the “Contracts”) noted in the table below effective on Wednesday, July 12, 2017 for trade date Thursday, July 13, 2017.

Contract Title	NYMEX Rulebook chapter	Commodity Code
Coal (API 2) cif ARA (ARGUS-McCloskey) Option on Calendar Futures Strip	910	CLA
Coal (API 2) cif ARA (ARGUS-McCloskey) Option on Quarterly Futures Strip	909	CQA
Coal (API 4) fob Richards Bay (ARGUS-McCloskey) Option on Calendar Futures Strip	918	RLA
Coal (API 4) fob Richards Bay (ARGUS-McCloskey) Option on Quarterly Futures Strip	917	RQA
Coal (API 2) cif ARA (Argus-McCloskey) Short Dated Option on Calendar Futures Strip	1115	MTC
Coal (API 4) fob Richards Bay (Argus-McCloskey) Short Dated Option on Calendar Futures Strip	1114	MFY

Specifically, the Exchange is amending the timing of termination of trading and of option exercise on the respective options’ expiration day. The Exchange will enable automated exercise functionality to the Contracts with reference to the intraday price assessments for coal markets provided by The London Energy Brokers’ Association (“LEBA”) on option expiration day. Market participants will continue to have the ability to submit contrary instructions for the Contracts in accordance with the Exchange rules.

The amendments will take effect commencing with the January 2019 contract month for the calendar futures strip options (CLA, RLA), and with the April 2018 contract month for the quarterly futures strip options (CQA, RQA) and for the short-dated calendar future strip options (MTC, MFY). These amendments will be applied to contract months that currently do not have open interest.

On expiration day, the amended timing is as follows:

<b>Option Ceases Trading</b>	<b>12:30 p.m. London Time</b> Trading terminates 30 calendar days prior to the first calendar day of the Contract Month. If such day is not a UK business day, trading terminates on the first preceding UK business day.	<b>(7:30 a.m. New York time)</b>
<b>Auto-exercise</b>	<b>Around 1:00 p.m. London Time</b> All options that are “In-the-money” are auto-exercised by the Exchange with reference to intraday prices published by the London Energy Brokers’ Association (‘LEBA’) on the expiration day.	<b>(8:00 a.m. New York time)</b>
<b>Contra Instructions</b>	<b>2:30 p.m. London Time</b> Contra-instructions which overwrite the auto-exercise can be submitted to up to 2:30 p.m.	<b>(9:30 a.m. New York time)</b>
<b>CME Positions and Expiration Report available</b>	<b>2:30 p.m. London Time</b>	<b>(9:30 a.m. New York time)</b>

Appendix A provides NYMEX rulebook chapter amendments in blackline format.

The Exchanges reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the Rule Amendments may impact the following Core Principles:

- **Availability of General Information** – The marketplace will be given sufficient notice of the changes via the issuance of a Special Executive Report (“SER”) prior to the effective date, and will therefore remain in compliance with this Core Principle. The SER will also be posted on the CME Group website.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchanges hereby certify that the amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal.

The Exchanges certify that this submission has been concurrently posted on the Exchanges’ website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please contact the undersigned at (212) 299-2200 or via e-mail at [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com).

Sincerely,

/s/Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A: Amendments to NYMEX Product Rulebook Chapters (blackline format)

## Appendix A

### NYMEX Rulebook

(bold underline indicates addition; ~~striketrough~~ indicates deletion)

#### Chapter 910

#### Coal (API 2) cif ARA (ARGUS-McCloskey) Option on Calendar Futures Strip

##### 910.04 OPTION EXERCISE

###### (FOR ALL CONTRACT MONTHS PRIOR TO JANUARY 2019)

Option contracts may be exercised on the Expiration Day only. Notice of exercise must be delivered by a Clearing Member to the Clearing House not later than 6:00 p.m. London time on the Expiration Day, except as noted below. The option shall be available for automatic exercise. The in-the-money value of the option shall be based on a methodology to be published by the Exchange that reflects markets prices at the termination of trading of a contract. In the event the underlying reference price used by the Exchange is not available by 5:45 p.m. London time, the notice of exercise may be delivered no later than fifteen (15) minutes after the publication of the underlying reference price.

##### 910.04 OPTION EXERCISE

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###### (FOR ALL CONTRACT MONTHS COMMENCING WITH JANUARY 2019 AND BEYOND)

Option contracts may be exercised on the Expiration Day only. Notice of exercise must be delivered by a Clearing Member to the Clearing House not later than 2:30 p.m. London time on the Expiration Day. The option shall be available for automatic exercise. The in-the-money value of the option shall be based on a methodology to be published by the Exchange that reflects markets prices at the termination of trading of a contract.

##### 910.06 TERMINATION OF TRADING

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###### (FOR ALL CONTRACT MONTHS PRIOR TO JANUARY 2019)

Trading shall cease at 5.00 p.m. London time on the Expiration Day.

##### 910.06 TERMINATION OF TRADING

###### (FOR ALL CONTRACT MONTHS COMMENCING WITH JANUARY 2019 AND BEYOND)

Trading shall cease at 12.30 p.m. London time on the Expiration Day.

**Chapter 909**  
**Coal (API 2) cif ARA (ARGUS-McCloskey) Option on Quarterly Futures Strip**

909.04            OPTION EXERCISE

**(FOR ALL CONTRACT MONTHS PRIOR TO APRIL 2018)**

Option contracts may be exercised on the Expiration Day only. Notice of exercise must be delivered by a Clearing Member to the Clearing House not later than 6:00 p.m. London time on the Expiration Day, except as noted below. The option shall be available for automatic exercise. The in-the-money value of the option shall be based on a methodology to be published by the Exchange that reflects markets prices at the termination of trading of a contract. In the event the underlying reference price used by the Exchange is not available by 5:45 p.m. London time, the notice of exercise may be delivered no later than fifteen (15) minutes after the publication of the underlying reference price.

**909.04            OPTION EXERCISE**

**(FOR ALL CONTRACT MONTHS COMMENCING WITH APRIL 2018 AND BEYOND)**

**Option contracts may be exercised on the Expiration Day only. Notice of exercise must be delivered by a Clearing Member to the Clearing House not later than 2:30 p.m. London time on the Expiration Day. The option shall be available for automatic exercise. The in-the-money value of the option shall be based on a methodology to be published by the Exchange that reflects markets prices at the termination of trading of a contract.**

909.06            TERMINATION OF TRADING

**(FOR ALL CONTRACT MONTHS PRIOR TO APRIL 2018)**

Trading shall cease at 5.00 p.m. London time on the Expiration Day.

**909.06            TERMINATION OF TRADING**

**(FOR ALL CONTRACT MONTHS COMMENCING WITH APRIL 2018 AND BEYOND)**

**Trading shall cease at 12.30 p.m. London time on the Expiration Day.**

**Chapter 918**  
**Coal (API 4) fob Richards Bay (ARGUS-McCloskey) Option on Calendar**  
**Futures Strip**

918.04            OPTION EXERCISE

**(FOR ALL CONTRACT MONTHS PRIOR TO JANUARY 2019)**

Option contracts may be exercised on the Expiration Day only. Notice of exercise must be delivered by a Clearing Member to the Clearing House not later than 6:00 p.m. London time on the Expiration Day, except as noted below. The option shall be available for automatic exercise. The in-the-money value of the option shall be based on a methodology to be published by the Exchange that reflects markets prices at the termination of trading of a contract. In the event the underlying reference price used by the Exchange is not available by 5:45 p.m. London time, the notice of exercise may be delivered no later than fifteen (15) minutes after the publication of the underlying reference price.

**918.04            OPTION EXERCISE**

**(FOR ALL CONTRACT MONTHS COMMENCING WITH JANUARY 2019 AND BEYOND)**

**Option contracts may be exercised on the Expiration Day only. Notice of exercise must be delivered by a Clearing Member to the Clearing House not later than 2:30 p.m. London time on the Expiration Day. The option shall be available for automatic exercise. The in-the-money value of the option shall be based on a methodology to be published by the Exchange that reflects markets prices at the termination of trading of a contract.**

918.06            TERMINATION OF TRADING

**(FOR ALL CONTRACT MONTHS PRIOR TO JANUARY 2019)**

Trading shall cease at 5.00 p.m. London time on the Expiration Day.

**918.06            TERMINATION OF TRADING**

**(FOR ALL CONTRACT MONTHS COMMENCING WITH JANUARY 2019 AND BEYOND)**

**Trading shall cease at 12.30 p.m. London time on the Expiration Day.**

**Chapter 917**  
**Coal (API 4) fob Richards Bay (ARGUS-McCloskey) Option on Quarterly**  
**Futures Strip**

917.04      OPTION EXERCISE

**(FOR ALL CONTRACT MONTHS PRIOR TO APRIL 2018)**

Option contracts may be exercised on the Expiration Day only. Notice of exercise must be delivered by a Clearing Member to the Clearing House not later than 6:00 p.m. London time on the Expiration Day, except as noted below. The option shall be available for automatic exercise. The in-the-money value of the option shall be based on a methodology to be published by the Exchange that reflects markets prices at the termination of trading of a contract. In the event the underlying reference price used by the Exchange is not available by 5:45 p.m. London time, the notice of exercise may be delivered no later than fifteen (15) minutes after the publication of the underlying reference price.

**917.04      OPTION EXERCISE**

**(FOR ALL CONTRACT MONTHS COMMENCING WITH APRIL 2018 AND BEYOND)**

**Option contracts may be exercised on the Expiration Day only. Notice of exercise must be delivered by a Clearing Member to the Clearing House not later than 2:30 p.m. London time on the Expiration Day. The option shall be available for automatic exercise. The in-the-money value of the option shall be based on a methodology to be published by the Exchange that reflects markets prices at the termination of trading of a contract.**

917.06      TERMINATION OF TRADING

**(FOR ALL CONTRACT MONTHS PRIOR TO APRIL 2018)**

Trading shall cease at 5.00 p.m. London time on the Expiration Day.

**917.06      TERMINATION OF TRADING**

**(FOR ALL CONTRACT MONTHS COMMENCING WITH APRIL 2018 AND BEYOND)**

**Trading shall cease at 12.30 p.m. London time on the Expiration Day.**

**Chapter 1115**  
**Coal (API 2) cif ARA (Argus-McCloskey) Short Dated Option**  
**on Calendar Futures Strip**

1115101.E. Termination of Trading

**(FOR ALL CONTRACT MONTHS PRIOR TO APRIL 2018)**

The option Expiration Day shall be 30 calendar days prior to the first calendar day of the contract month. If such day is not a UK business day, the Expiration Day shall be the first preceding UK business day. Trading shall cease at 5:00 p.m. London time on the option's Expiration Day.

Notice of exercise must be delivered by a Clearing Member to the Clearing House not later than 6:00 p.m. London time on the Expiration Day, except as noted below. The option shall be available for automatic exercise. The in-the-money value of the option shall be based on a methodology to be published by the Exchange that reflects markets prices at the termination of trading of a contract. In the event the underlying reference price used by the Exchange is not available by 5:45 p.m. London time, the notice of exercise may be delivered no later than fifteen (15) minutes after the publication of the underlying reference price.

**(FOR ALL CONTRACT MONTHS COMMENCING WITH APRIL 2018 AND BEYOND)**

**The option Expiration Day shall be 30 calendar days prior to the first calendar day of the contract month. If such day is not a UK business day, the Expiration Day shall be the first preceding UK business day. Trading shall cease at 12:30 p.m. London time on the option's Expiration Day.**

**Notice of exercise must be delivered by a Clearing Member to the Clearing House not later than 2:30 p.m. London time on the Expiration Day. The option shall be available for automatic exercise. The in-the-money value of the option shall be based on a methodology to be published by the Exchange that reflects markets prices at the termination of trading of a contract**



**Chapter 1114**  
**Coal (API 4) fob Richards Bay (Argus-McCloskey) Short Dated Option**  
**on Calendar Futures Strip**

1114101.E. Termination of Trading

**(FOR ALL CONTRACT MONTHS PRIOR TO APRIL 2018)**

The option Expiration Day shall be 30 calendar days prior to the first calendar day of the contract month. If such day is not a UK business day, the Expiration Day shall be the first preceding UK business day. Trading shall cease at 5:00 p.m. London time on the option's Expiration Day.

Notice of exercise must be delivered by a Clearing Member to the Clearing House not later than 6:00 p.m. London time on the Expiration Day, except as noted below. The option shall be available for automatic exercise. The in-the-money value of the option shall be based on a methodology to be published by the Exchange that reflects markets prices at the termination of trading of a contract. In the event the underlying reference price used by the Exchange is not available by 5:45 p.m. London time, the notice of exercise may be delivered no later than fifteen (15) minutes after the publication of the underlying reference price.

**(FOR ALL CONTRACT MONTHS COMMENCING WITH APRIL 2018 AND BEYOND)**

**The option Expiration Day shall be 30 calendar days prior to the first calendar day of the contract month. If such day is not a UK business day, the Expiration Day shall be the first preceding UK business day. Trading shall cease at 12:30 p.m. London time on the option's Expiration Day.**

**Notice of exercise must be delivered by a Clearing Member to the Clearing House not later than 2:30 p.m. London time on the Expiration Day. The option shall be available for automatic exercise. The in-the-money value of the option shall be based on a methodology to be published by the Exchange that reflects markets prices at the termination of trading of a contract**